BURNHAM HOLDINGS, INC.

REPORT

TO

STOCKHOLDERS

Three Months Ended April 1, 2007

To Our Shareholders:

First quarter sales were $46.6 million, a 7.6% increase from the $43.3 million in the previous year. Both portions of our business, residential and commercial, reported higher sales over the previous year. Residential products reflected a modest growth during the quarter despite negative external factors affecting the marketplace (i.e., weather conditions and housing market) during these two periods. We would expect second quarter residential volumes to follow our normal seasonal pattern followed by high demand in the second half of the year. The commercial portion of the business is off to a strong start in 2007, which continues the trend experienced in the second half of 2006. With the seasonal nature of our business, the first quarter is normally the smallest quarter of our fiscal year (representing less than 20% of the yearly sales) and therefore we caution using the quarterly results as an indicator of total year expectations.

Financial Results

The net loss for the first quarter of 2007 was $705 thousand, or a basic loss per share of $(0.16), compared to the 2006 reported loss of $2.6 million, or $(0.59) basic loss per share. The smaller loss over the prior year is not only attributable to the higher sales levels discussed above and product price increases announced through out the last nine months, but also was favorably impacted by the cost reduction actions taken in 2006. Those actions, which included reduced staffing of the organization, revisions to Company sponsored benefit plans, realignment of production capabilities, and a reduction in company-wide inventory, have definitely lowered the cost structure of the Company. Cost of goods sold and selling, administrative, and general expenses as a percentage of sales are at their lowest levels for the first quarter since the year 2004, which was prior to the run up in raw material inflation and surcharges for energy and freight costs. The final Company-owned facility that was vacated as part of the plant expansions in Lancaster, has also been leased on a long-term basis effective February 1, 2007. You may also observe within the Statement of Operations, a large non-cash expense item for the quarter caused by the mark-to-market of two interest rate derivatives, which is more fully explained in Note 5 of this report. Within the same section of the Statement of Operations, other income and expense, you can note the favorable impact on interest expense as a result of the Company's actions to reduce inventory balances (generation of cash flow) and the cost control initiatives.

Balance Sheet Condition

The Company's balance sheet remains strong with working capital at a level consistent with the business activity. Our long-term debt was refinanced on March 1, 2007 (see Note 5 of the 2006 Annual Report), which will allow us to operate more effectively, both through the industry cycles that occur from time to time and the seasonal nature of our business.

Annual Meeting and Dividends

Our Annual Meeting was held on April 23, 2007 at which time our Stockholders voted favorably on two proposals described as follows: the election of Rufus A. Fulton, Jr., Thomas C. Kile, and Elizabeth H. McMullan as directors; and the appointment of Beard Miller Company, LLP, or other auditing firm as the Board may select, as independent auditors for the 2007 year.

Also at its meeting, the Board of Directors declared a regular quarterly common stock dividend of $0.17 per share payable June 1, 2007 with a record date of May 11, 2007; and a semi-annual preferred stock dividend of $1.50 per share payable July 2, 2007 with a record date of June 8, 2007.

A. Morrison, III,
Chairman and CEO

Corporate Data

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Common Stock

The Common Stock of Burnham Holdings, Inc. is traded under the symbol BURCA on the electronic Pink Sheets, and is listed by the Pink Sheets, LLC, reporting service for over-the-counter stocks.

For further information contact:
Audrey L. Behr, Financial Services Administrator or
Robert G. Berardi,
Vice President, Treasurer.

Transfer Agent

Fulton Financial Advisors, N.A.
One Penn Square
Lancaster, PA 17602
(717) 291-2562

Inquiries about stock certificates, stock transfers, dividend payments or address changes should be directed to Fulton Financial Advisors, N.A. at the above address.

Consolidated Balance Sheet

(In thousands)
(December year-end audited, quarterly data unaudited (see Notes))

	April 1, 2007	Period Ended December 31, 2006	April 2, 2006
Assets			
Current Assets			
Cash and cash equivalents	**$ 946**	$ 2,968	$ 1,669
Marketable securities	**1,154**	250	-
Trade and other accounts receivable, net	**21,881**	26,506	21,950
Inventories	**47,233**	43,043	52,443
Prepayments and other current assets	**4,285**	4,321	5,471
Total current assets	**75,499**	77,088	81,533
Property, plant and equipment, net	**50,364**	51,427	53,056
Other assets, net (6)	**22,869**	23,638	30,785
Total Assets	**$ 148,732**	$ 152,153	$ 165,374
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses (including taxes)	**$ 28,542**	$ 29,465	$ 28,748
Short-term borrowings (7)	**-**	6,655	9,645
Current portion of long-term liabilities (7)	**365**	4,079	3,357
Total current liabilities	**28,907**	40,199	41,750
Long-term liabilities (7)	**30,091**	20,884	23,216
Other postretirement liabilities	**3,320**	3,405	1,624
Deferred income taxes	**6,554**	6,474	10,858
Total stockholders' equity (5) (6)	**79,860**	81,191	87,926
Total Liabilities and Stockholders' Equity	**$ 148,732**	$ 152,153	$ 165,374

Consolidated Statements of Cash Flows

	Three Months Ended April 1, 2007	April 2, 2006
OPERATING ACTIVITIES		
Net loss	**$ (705)**	$ (2,588)
Depreciation and amortization	**1,622**	1,470
Other net adjustments	**(375)**	(279)
Changes in operating assets and liabilities	**826**	1,472
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,368**	75
NET CASH USED IN THE PURCHASE OF ASSETS	**(568)**	(861)
CASH USED TO PURCHASE MARKETABLE SECURITIES	**(904)**	-
FINANCING ACTIVITIES		
Proceeds from borrowings	**24,044**	2,675
Principle payments on debt and lease obligations	**(25,206)**	(1,359)
Net purchase of stock and stock option proceeds	**-**	17
Dividends paid	**(756)**	(1,291)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**(1,918)**	42
DECREASE IN CASH AND EQUIVALENTS	**(2,022)**	(744)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	**2,968**	2,413
CASH AND EQUIVALENTS AT END OF PERIOD	**$ 946**	$ 1,669

Consolidated Statements of Operations

(In thousands, except per share data)
(Data is unaudited (see Notes))

	Three months ended April 1, 2007	April 2, 2006	April 3, 2005
Net sales	**$ 46,560**	$ 43,273	$ 46,817
Cost of goods sold	**37,395**	35,864	38,224
Gross profit	**9,165**	7,409	8,593
Selling, administrative and general expense	**9,581**	10,791	10,827
Operating loss	**(416)**	(3,382)	(2,234)
Other income (expense)			
Mark-to-Market (5)	**(249)**	10	48
Interest income	**22**	9	9
Interest expense	**(448)**	(712)	(559)
Other Income (expense)	**(675)**	(693)	(502)
Loss before income taxes	**(1,091)**	(4,075)	(2,736)
Income tax benefit	**(386)**	(1,487)	(985)
Net loss	**$ (705)**	$ (2,588)	$ (1,751)
Basic and diluted loss per share	**$ (0.16)**	$ (0.59)	$ (0.40)
Dividends paid	**$ 0.17**	$ 0.29	$ 0.29

Notes:

(1) The accompanying unaudited financial statements contain all adjustments that are necessary for a fair presentation of results for such periods and are consistent with policies and procedures employed in the audited year-end financial statements. The results for any interim period are not necessarily indicative of results for the full year. These consolidated financial statements should be read in conjunction with the Annual Report for the period ended December 31, 2006. Certain reclassifications have been made to the prior period quarterly financial statements to be consistent with current reporting.

(2) Basic earnings per share are based upon weighted average shares outstanding for the period. Diluted earnings per share assume the conversion of outstanding rights into common stock.

(3) Common stock outstanding as of April 1, 2007 includes 2,759,154 of Class A shares and 1,692,735 of Class B Shares.

(4) In the first quarter of 2006 the Company made a contribution of $0.3 million cash into its defined pension plan, $0.2 million cash impact after considering the income tax benefit. This payment increased the plan assets available for covered employees and did not impact the Statement of Operations but is reflected as an increase to the plan's prepaid benefit cost shown on the Consolidated Balance Sheet as part of Other assets. In the Statement of Cash Flows, the payment is shown as part of the change in operating assets and liabilities (cash used).

(5) Mark-to-Market adjustments are a result of changes (non-cash) in the fair value of interest rate derivatives. These derivatives are used to exchange the interest rate stream on variable rate debt for payments indexed to a fixed interest rate. With the refinancing of a portion of the Company's debt on March 1, 2007 (see Note 5 of the 2006 Annual Report), the derivatives tied to the original term notes and reported within Stockholders' Equity, have been reclassified. Future changes in fair value will be reported in the Company's Statement of Operations.

(6) New accounting rules in 2006 required recognition of the funded status of pensions and postretirement benefits as a net liability or asset. As part of the new rules, actuarially determined gains from the past were recorded as a reduction of Stockholders' Equity. The non-cash impact to Burnham was a reduction in Other assets and a charge to Stockholders' Equity of $4.3 million (after tax) (see Note 9 of the 2006 Annual Report).

(7) All borrowings under the March 1, 2007 debt agreement (see Note 5 of the 2006 Annual Report) are classified as long-term on the Consolidated Balance Sheet.